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Inside front cover

Foreword



This Fiscal Year 1999 Accountability Report is the U.S. Department of Commerce's first report under a pilot program, authorized by the Government Management and Reform Act of 1994, to streamline and consolidate certain statutory financial management and performance reports into a single accountability document.

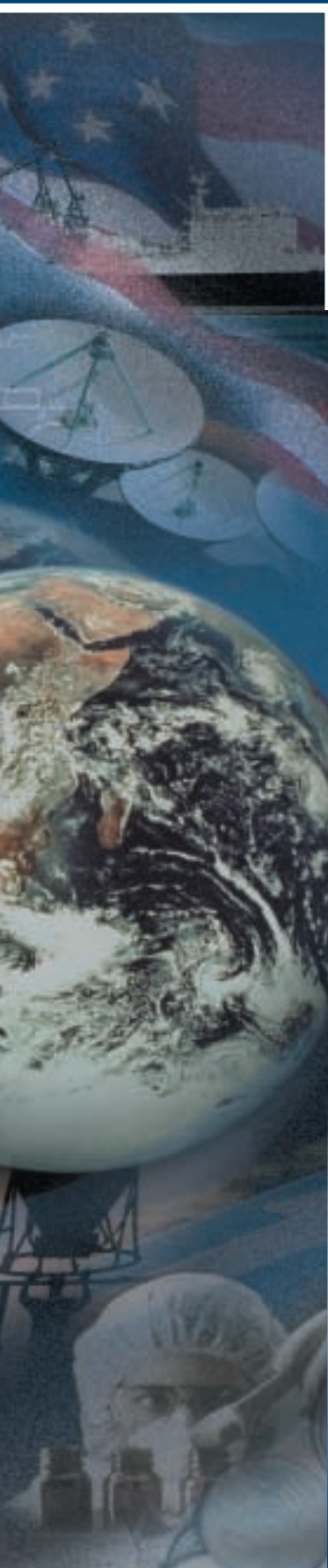
The report consolidates the reporting requirements of the Chief Financial Officers Act of 1990, the Government Performance and Results Act of 1993, the Prompt Pay Act of 1989, the Debt Collection Improvement Act of 1996, the Federal Managers Financial Integrity Act of 1982, and the Management Report on Final Action on the Office of the Inspector General audit recommendations. It presents the Department of Commerce Consolidated Financial Statements and the Inspector General's Opinion on the statements, internal controls, and compliance with laws and regulations.

All comments regarding the content and presentation of this report are welcome. An electronic version of this report is available on the Department of Commerce Worldwide Web site at www.doc.gov.

Comments may be addressed to:
U.S. Department of Commerce
Office of the Chief Financial Officer
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Washington, D.C. 20230

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U.S. Department of Commerce

FY 1999 ACCOUNTABILITY REPORT




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STATEMENT FROM THE SECRETARY

I am pleased to present the first Department of Commerce Accountability Report. The Report provides a picture of the Department's FY 1999 performance and discusses programmatic, financial, and management issues in order to assess accountability in meeting our mission. During FY 1999, the Department continued to improve management of our resources, operations, and service to our customers while making strides in addressing the priorities and initiatives I established as Secretary. The Report includes our Consolidated Financial Statements on which we received our first Unqualified Opinion. In addition, we dramatically decreased the number of reportable conditions, from 26 to 12, and material weaknesses, from 12 to 7 from FY 1998 to FY 1999. While proud of an unqualified opinion and the improvements made in the internal control area, we recognize that additional efforts are necessary and we are committed to strengthening remaining financial issues.

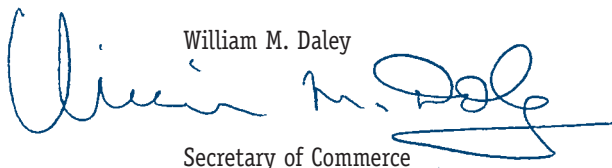
With a commitment to making Census 2000 the most accurate Census, the Department has all key operations in place. We launched our Digital Department initiative, which will ultimately provide easy and efficient access to Commerce products and services. In an effort to broaden trade, the Department led business development missions and successfully defended against steel dumping. Additionally, we have taken steps to close the digital divide in America with our E-Commerce initiative.



Looking ahead, the Department will continue to foster innovation and prosperity. We are promoting electronic commerce and pursuing steps to close the digital divide so that all of our citizens, businesses, schools, and communities may enjoy their share of economic good fortune. We are taking special steps to make sure that all Americans benefit from the Country's prosperity, including initiatives to strengthen Historically Black Colleges and

Universities, Hispanic Serving Institutions, and Tribal Colleges and Universities. The Department will continue to focus to provide resources to communities harmed by plant closures and abrupt economic dislocations; to sustain the economic contributions of our oceans and rivers; to open markets abroad; and to produce sound demographic and economic data that help businesses make wise decisions.

As we look into the next century, we will continue to build our efforts from a common cornerstone—manage for results, improve our use of resources, and respond to our Country's evolving needs. As Secretary and as a manager, I believe that each of our programs must justify themselves everyday—for without defensible performance, we can not fulfill our public trust.

William M. Daley

Secretary of Commerce

MESSAGE FROM THE CHIEF FINANCIAL OFFICER

Under Secretary Daley's leadership, the Department of Commerce has made improving financial management a top priority. The significant progress made in our goal to achieve a sound financial management environment is evident in the following "firsts" that I am pleased to present to you:

- We received the Department's first-ever-unqualified opinion following an independent audit of our Consolidated Financial Statements. In addition, all 13 bureaus received clean opinions. This accomplishment is particularly significant when compared to the disclaimer opinion the Department received only two years ago.
- We prepared this first Accountability Report, a consolidated presentation of the Department's financial and programmatic results. The report provides our many stakeholders with a single, concise source of information regarding our mission, operations, and performance.
- We prepared our first Annual Program Performance Report for FY 1999, which will be submitted to OMB by March 31, 2000. We have incorporated some of the significant performance measures for discussion in this report.
- We published the Department's Financial Management Handbook Series on our Internet homepage. This ensures that all members of our financial management team now have the same ready access to the latest information about our financial policies and procedures.

We plan to build on these accomplishments during FY 2000. A primary focus will be on the implementation of our Commerce Administrative Management System (CAMS)-a single integrated financial management system. CAMS was successfully deployed at the Bureau of the Census in FY 1998. Implementation efforts have begun at National Oceanic and Atmospheric Administration and Economic Development Administration.

From FY 1998 to FY 1999, the number of reportable conditions identified during our financial statement audits decreased from 26 to 12 and material weaknesses noted decreased from 12 to 7, respectively. Although we are extremely proud of this progress, we will continue our focus to strengthen our internal controls. We also plan to address the remaining issues noted by the auditors and to monitor the execution of all audit action plans.

There were additional accomplishments included in this report. The Department excelled in areas relating to information technology investments. Most notably, the Department fully and successfully met the Y2K challenge-on all of its 473 mission-critical and 693 non-mission-critical systems. By 2002, the goals of the Digital Department will be realized-internal processes at Commerce will be web-based and key external processes will be electronic to enable us to more efficiently and effectively provide our products and services.



Additionally, we led the Federal government in providing an avenue for increasing the number and value of contracts for small, minority, and women-owned businesses through our new, government-wide Commerce Information Technology Solutions program. The Department, along with PTO, has been working diligently to achieve the conversion of PTO to a Performance-Based Organization by the end of March 2000 which was approved at the beginning of FY 2000. We have also improved oversight of our financial assistance programs and our facilities acquisition and management to ensure that funds placed in our charge are well spent.

We will continue to work as a team to strengthen accountability in FY 2000 and beyond. Significant progress was made in meeting the objectives of the Government Performance and Results Act by greatly improving the utility of our Annual Performance Plan—a gain that was recognized by both the Office of Management and Budget and the Congress. Our goal is to establish a performance-based management system through the full integration of our performance and financial information and processes.

This report highlights only a few of the programs that we are pursuing in the areas of economic development, technology, trade, and economic analysis. More information about these and other Department of Commerce programs may be found on our Internet site at www.doc.gov.



Linda J. Bilmes

Chief Financial Officer
and Assistant Secretary for Administration